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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

15 August 1951

MEMORANDUM FOR THE ESTIMATES STAFF

FROM: Chief, Estimates Staff

SUBJECT: Staff Planning Project No. 26

1. O/NE has been asked to prepare for the NSC Staff, as a matter of "Urgent" priority, a "Forecast of World Trends and Developments Through Mid-1953" (Staff Planning Project No. 26). This is to cover not only Soviet capabilities and intentions but also the impact of our own projected programs. It will attempt to arrive at an estimate of (a) the probable power position of the US versus the USSR in this period and (b) the continuing threat to US security.

2. To mobilize full Staff resources behind this project, each geographic section (or individual analyst, as desired) is requested to prepare a brief memorandum on its area. These memoranda should be as generalized and estimative as possible, since the final draft will have to be pitched on an extremely broad plane. The attached terms of reference will provide general guidance, but Staff members are encouraged to include anything they feel pertinent.

3. In general, the following questions should be answered:

- a. What major trends are developing or continuing? Are they favorable or unfavorable to the US?
- b. What probable or possible major developments in the area would significantly affect the position of the US versus the USSR?
- c. On balance, looking over the next few years, will the US position be better or worse?
- d. Regardless of such changes in the power balance, what will be the continuing major threats to the US?

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4. Memoranda should be submitted no later than close of business Tuesday, 20 August, [REDACTED], the task team chairman.

5. A brief Staff meeting to clarify any problems involved in this project will be held at 1000 Thursday, 16 August. All Staff members are requested to attend in Room 146 at that time.

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Attachment: Terms of Reference

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

13 August 1951

SUBJECT: Proposed Terms of Reference for Annex A of 1 October Review of NSC 68/4 Programs.

FORECAST OF WORLD TRENDS AND DEVELOPMENTS THROUGH MID-1953

SCOPE

These terms of reference outline a forecast of major trends and developments over the next two years to enable us to estimate whether, from the standpoint of US security, the world situation will be better or worse by mid-1953. We consider that there are three key problem areas: (a) Probable Soviet capabilities and intentions; (b) Probable developments in the NATO grouping; and (c) Probable developments in the Near and Far East. Unless we foresee major developments affecting the world power balance in Latin America and Africa (except North Africa), we probably need only mention that these areas will continue to be peripheral sources of Western strength. In a concluding section, we have sought to tie together the various probable trends and developments and to assess their comparative significance, in order to arrive at an estimate of the relative power positions of the US and USSR through mid-1953. We would also attempt to estimate the extent to which this would continue to be a period of acute danger to the security of the US.

I. PROBABLE DEVELOPMENTS IN SOVIET CAPABILITIES AND INTENTIONS

A projection of the probable growth of overall Soviet and Satellite capabilities during the period, and of the probable policies the Kremlin and Peking will adopt.

- 1/ For convenience we have grouped Communist China with the Satellites, but Sino-Soviet relationships will deserve separate discussion.

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A. Probable Growth of Soviet (and Satellite) Capabilities.
How much stronger will the Soviet sphere become?

1. Military Capabilities:

- a. Probable increases in Soviet conventional strength? In Satellite capabilities? Will the upward curve of European Satellite strength continue? How strong is Communist China likely to be?
- b. Probable scientific developments? Are Soviet capabilities for unconventional warfare likely to increase significantly, particularly in atomic weapons?
- c. Will the USSR still be able to carry out the presently forecast campaigns in Western Europe and Far East in event of general war? Will Soviet capabilities for attack on the US increase significantly?
- d. Will Soviet, Chinese, and Satellite capabilities for local aggression in particular areas be significantly greater?

2. Economic Strength - will Soviet war potential increase markedly? Is there likely to be a significant further increase in Soviet war-readiness? Will any new economic strains appear in the Soviet sphere (particularly in Soviet-Satellite relations and in China)? Might Western trade controls significantly affect the economy of the Soviet sphere?

3. Internal Stability of the Soviet Sphere:

- a. Is there any likelihood of increased strains within the USSR itself which would noticeably affect internal stability? Are there any domestic pressures which might seriously affect the Kremlin's ability to continue diverting such huge resources to armaments?
- b. Will the European Satellites become more or less stable? Is there any likelihood of a significant loosening of Soviet control over these Satellites?

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- c. What is the probable internal stability of Communist China? What is the probable trend in Sino-Soviet relations through mid-1953?

B. Probable Soviet Policies through Mid-1953, with particular reference to the threat to US interests. How does the USSR view the present world situation and probable trends over the next few years? In other words, what is the overall context within which the Kremlin will frame its policies during this period? In particular what is the overall Soviet reaction to developing Western counter-measures?

1. Assuming no change in basic Soviet objectives, what are the probable short term Soviet objectives (within the above context) for the next two years?
2. What policies is the USSR likely to follow to achieve these objectives? Many of these will of course be a continuation of existing policies; moreover, the USSR may well carry out several different (and apparently contradictory) policies simultaneously.
 - a. Continued political warfare - What forms is this likely to take in different areas? Will it, for example, be different in Europe and Asia?
 - b. A broad relaxation of tensions, particularly in Europe? This would of course be political warfare in another form, but it merits separate treatment. Is it likely to go beyond a mere expansion of the "peace" offensive and involve actual concessions?
 - c. Local aggression - by USSR, China, or Satellites.
 - d. Preventive war - we should examine the premises which, probably even more in the coming period than in the past, might lead the Kremlin to strike before its opportunity passes.

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- e. General war through miscalculation - will the possibilities be any greater?
3. What developments during the period might lead to a major shift in Soviet policies - i.e., a slowing down of Western rearmament, successful association of Germany and Japan with the West, etc.?

II. PROBABLE GROWTH OF NATO STRENGTH AND WILL-TO-RESIST

The European component of NATO should be treated as a unit as it forms, together with the US, the core of Western strength and opposition to the USSR. Related European problems such as Spain, Yugoslavia, etc., can be considered under this heading. Assuming a continuation of present US programs, how strong and cohesive will the NAT grouping be by mid-1953? What obstacles will retard its development? What crises may occur?

- A. NAT Military Strength? What military effort can we expect? Assuming scheduled growth of US strength, how strong will NATO be by mid-1953? From a strictly quantitative point of view can Western Europe be defended?
- B. Economic Burdens? Will Western Europe become economically stronger or weaker? To what extent will the increasing economic burdens and inflationary repercussions of rearmament affect the economic situation? Will the standard of living be seriously affected? How will this affect the NATO effort?
- C. Political Stability? Will internal stability and cohesion increase, especially in France, Italy, and West Germany? Will there be rising social and economic discontent in some areas?
- D. European Confidence and Will to Resist? What is our projection of European morale? Of popular support for NATO and confidence in Europe's future? Can governmental and popular resolution to proceed with rapid rearmament be expected to increase?

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E. European Unity and Cohesion? What progress will there be toward greater unity of effort, on both the NATO and intra-European planes? How significant is this likely to be in augmenting Western strength?

1. To what extent is the NATO effort likely to become more unified? Will this markedly increase the efficiency of the NATO build-up?
2. Might there be significant steps toward greater intra-European (as opposed to NATO) integration, which would increase Europe's economic, political, and psychological strength? Is significant progress in this direction likely as soon as mid-1953?
3. On the other hand, what stresses are likely to develop within the NATO fabric? What serious political problems may create serious rifts in the NATO camp? The Saar? Trieste? The German problem? Spain, etc.? Is European resentment of American prodding and fear of provocative US policies seriously increasing?

F. Significance of the Broadening of the NAT coalition? How far will Western Germany, Spain, Yugoslavia, Greece, Turkey, etc., be brought further into the NATO coalition as associates or allies? To what extent will this strengthen the Western bloc, especially militarily? On the other hand what serious problems does it create?

G. What might be the effect of Soviet pressures on the developing NAT fabric? Given the likely European situation, what would be the likely impact of a Soviet attempt at a broad relaxation of tensions? How seriously might this undercut the NATO effort? To what extent could it drive a wedge between the US and its Allies? What serious divergencies in policies might arise? What is the likely impact of other Soviet cold war maneuvers, such as propaganda, strikes, etc., to exploit European economic weaknesses and political issues?

H. The US Role? To what extent will the growth of European strength, cohesion, and morale depend on US aid and initiative? What would be the impact of a serious decline in US aid?

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III. PROBABLE DEVELOPMENTS IN THE NEAR AND FAR EAST

Asia seems to be a "no-man's land" in the East-West conflict, an area where the east-West line is by no means so firmly drawn as in Europe and where the situation is far more fluid.

In the absence of general war, will the focus of the East-West conflict shift increasingly to the Near and Far East, particularly if Communist China adopts an aggressive, expansionist role? Can the US overcome the anti-Western cost of the sweeping nationalist revolution in the Near and Far East? Because of the reaction to colonialism plus Asian naivete about Communist objectives, will there be a continued serious vulnerability to Communist exploitation? Will the free countries of Asia, perhaps including Japan, veer increasingly toward neutralism, or can they be brought into a new relationship with the West? On balance, does the US stand to gain or lose in this area through mid-1953?

A. Probable Developments in the Far East (including Southeast Asia).

1. Role of Communist China - Will Peiping be able to improve internal stability and increase its strength materially? Will it concentrate on internal problems or embark on active local aggression and/or penetration on the Chinese periphery?
2. Revival of Japan as a Far Eastern power - To what extent will this affect Soviet and Chinese policies? Will Japan take a strong anti-Communist line and remain firmly aligned with the US? Or might Japan, for overriding reasons of security and economic necessity, tend to adopt a more neutral role.
3. Southeast Asia and the Philippines - Will the situation deteriorate further, or can a greater degree of stability be expected? To what extent can US aid programs arrest deterioration?

- #### B. Probable Developments in the Near East and North Africa.
- We are faced with a seriously deteriorating situation in this area. Is further deterioration as a result of rampant nationalism likely to face us with a critical security problem? What are the risks of more active Soviet penetration? What role can be played by increased US aid and initiative in this area?

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1. Probable Developments in Iran (much will depend on the outcome of the current oil negotiations). What is the risk of Soviet intervention or Tudeh coup?
2. The Arab States and Israel - Can we cement our relations with these nations, and replace the crumbling network of British alliances? In particular what may happen with Egypt? How serious an obstacle will Israeli-Arab animosity continue to be?
3. French North Africa (especially Morocco) - Will rising nationalism here (also in Libya) become a serious problem and affect our base program?
- C. Probable Developments in South Asia - This area appears more unstable than a year ago. What are the risks of local conflict? What are the implications of India's emergent policy vis-a-vis Red China? Might Afghanistan (where there are indications of Soviet penetration) become a problem?

IV. RELATIVE POWER POSITIONS OF THE US AND USSR THROUGH MID-1953

This section would seek to tie together those preceding and to assess the comparative significance of the various trends and possibilities outlined above. On balance, will the world situation be better or worse, from the US point of view, by mid-1953? Will our power position probably have improved or worsened? Equally important, will the threat to US security during this period become more or less acute?

- A. What will be the status of over-all Western military capabilities vis-a-vis those of the USSR? Assuming continuation of present US programs, will US and Allied strength have increased or decreased relative to that of the Soviet sphere? Admittedly only a rough estimate can be made.
- B. What are the Risks of General War? Will they probably increase, decrease, or remain acute?

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- C. Short of general war, what developments over the period might critically affect US interests?
- D. On the other hand, what developments might significantly increase Western strength?
- E. Finally, what will be the extent of continuing US and Western vulnerability to the USSR? Many of the projected trends and possible developments over the next few years can only be forecast as contingencies. We cannot tell whether they may or may not occur. Nevertheless during this period there may be serious risk of these developments, to which the Western world may remain highly vulnerable. Therefore, aside from assessing the probability of various developments over the next two years, we should assess the degree to which the West will remain vulnerable to such developments, and will thus still be in a period of acute danger through mid-1953.

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